

HARVARD

UNIVERSITY POLICY



Responsibilities of Purchasers, Preparers and Approvers

Originally Issued: 09/02/1999
Last Revised: 03/01/2021
Responsible Office: Financial Policy Office

Policy Statement

One of Harvard's fundamental internal controls is the proper review and approval of transactions. Preparing or approving any part of a transaction is a significant responsibility. This policy defines and codifies the responsibilities of individuals who spend Harvard funds and who prepare and approve transactions. Individuals who spend funds or who prepare or authorize expenditures on behalf of the University have a stewardship responsibility to ensure those transactions are reasonable, appropriate, and have a proper University business purpose. All requisitions must be prepared properly with adequate support and be reviewed and approved by designated individuals. ***If a transaction has multiple approvers, every approver is accountable for the elements of the transaction that they approve.***

Reason for Policy

Harvard has an obligation to safeguard its resources, adhere to donor and sponsor terms, and comply with all internal policies and external regulations.

Who Must Comply

This policy applies to all individuals who request or make purchases with University funds, or who prepare or approve transactions via Buy-to-Pay (B2P), Concur, University-issued Card (Corporate, Department, PCard, etc.), or other financial processing systems as well as any transactions that feed into the Oracle e-business suite from other systems (e.g., ALMA, Presto, SWIFT-AP, etc.).

If a University Policy conflicts with any other University Policy, external regulation, or law, the more restrictive provision will apply.

Harvard University schools, tubs and local units may have related Local Policies as long as they are consistent with and meet the minimum standards set by University Policies.

Responsibilities

Financial deans or equivalent tub financial officers are responsible for distributing and communicating all applicable financial policies throughout their tubs as well as ensuring all employees have access to training and are informed regarding their responsibilities under University financial policies and their accompanying procedures.

Tub finance offices are responsible for creating and maintaining the approval hierarchies within their tubs, for communicating those responsibilities to delegates/preparers/requestors/shoppers and approvers.

Local units are responsible for ensuring that this policy is communicated to all individuals who purchase, prepare, or approve transactions, and that an adequate organizational processing structure is in place to ensure all transactions are properly prepared, documented and approved. Local units are responsible for identifying employees who will use the various processing systems and assigning the associated role (e.g. requestor, delegate, preparer, or approver). Units must ensure that transaction approvers have appropriate training and are knowledgeable regarding acceptable business practices and University policies and procedures.

Approvers are responsible for the review of transactions submitted to them, making informed judgments about the reasonableness of those transactions, evidencing their authorization of those transactions (either on paper or online) and approval (or rejection) in a timely manner. Note that the approver of a transaction may or may not be the person who clicks the “approve” button in Harvard’s financial system; some tubs or units may have approvers who review and sign off on transactions on paper. Approvers must also be knowledgeable about applicable local and University policies and external requirements/regulations where relevant (i.e., federal guidelines for sponsored awards, etc.). See [Appendix A](#) for detailed list of responsibilities.

Delegates/Preparers/Requestors at a minimum are responsible for ensuring that each requisition contains information that is fully descriptive of the underlying expense (who, what, where, when, why). This information may be in the business description, product description, chart of accounts or other fields in the financial system. Transactions must also be prepared with sufficient time for review and approval. Units, particularly those with centralized approval models, may place additional responsibilities on their delegates/preparers/requestors. See [Appendix A](#) for detailed list of responsibilities.

Purchasers/Shoppers are responsible for spending Harvard resources with sound business judgment. Purchasers must ensure that each purchase is Harvard business-related and advances the work of the University, must spend according to budget or other approved funds, and must comply with Harvard policies and any sponsored or donor restrictions. In addition, purchasers are responsible for providing complete supporting documentation to the delegate/preparer/requestor with sufficient time for processing, review, and approval. See [Appendix A](#) for a detailed list of responsibilities.

Reimbursees are responsible for ensuring that expenses that they submit for reimbursement are accurate, legitimate University business expenses and that they are submitted in a timely manner. Reimbursees certify the validity of their submitted expenses by signing the Employee Reimbursement Form.

Risk Management and Audit Services (RMAS) provides advice to tubs and local offices on risk assessment, control measures, and advises the University community on additional or revised control procedures, as appropriate. *Contact:* (617) 495-3642 or <http://rmas.fad.harvard.edu/>.

Central Accounts Payable (AP) is responsible for new supplier set up and maintenance and for processing invoices that departments have approved and submitted through the Accounts Payable System. *Contact:* 617-495-8500 option 1 or ap_customerservice@harvard.edu or ap_supplieronboarding@harvard.edu with supplier set up questions.

Travel, Reimbursements and Card Services is responsible for auditing samples of employee and non-employee reimbursements that are approved and submitted by departments after local approvers have fully performed all of their responsibilities as outlined by this policy. Contact: 617-985-8500 option 2 or fad_travelmgr@harvard.edu.

Financial Policy Office (FPO), within the Office of the Controller, is responsible for maintaining this policy and providing advice and assistance to tubs on the operation of the policy and on specific concerns, as necessary. Contact: 617-384-7487 or financialpolicy@harvard.edu.

Procedures

- I. **Spend Harvard resources prudently.** Everyone who spends Harvard funds, either directly via a purchasing system (such as Buy-to-Pay) or PCard, or indirectly, via Corporate Card or personal funds to be reimbursed, has an obligation to spend those funds with sound business judgment. Purchaser must ensure that each purchase is Harvard business-related and advances the work of the University. Purchasers may hold a role (e.g., Shopper/Requestor/Delegate) in one of Harvard's Financial systems (B2P, Concur) and at their discretion, units may place additional responsibilities on this role, such as spending according to budget or other approved funds and complying with additional Harvard policies, processes and any sponsored or donor restrictions.
- II. **Prepare transactions properly.** Employees who prepare a transaction are, at a minimum, responsible for ensuring the business purpose is complete and accurate, proper support is provided, and that the transaction is submitted or resubmitted for approval in a timely manner. Units, particularly those with centralized approval models, may place additional responsibilities on their preparers (also known as requestors, shoppers, or delegates).
- III. **Review and approve transactions in a timely manner.**
 - A. Knowledge of the transaction: all transactions must have an authorized approver who has sufficient knowledge to make an informed judgment that the transaction is appropriate. Ideally, an approver will have direct knowledge about the transaction or circumstances to validate the expense; if not, the approver should rely on compensating procedures to gain a reasonable level of assurance that the expense is valid. In some cases, approvers with different approval levels (tiers) may be focusing on different aspects of the payment review process. For approvers with no direct knowledge of the transaction, schools or departments should use compensating procedures including a periodic review of budget to actual expenditures, a review of activity in certain object codes, looking for unusual spending patterns, and asking questions about nonstandard expenses. (see [Restricted Fund Spending Compliance](#), [Harvard Internal Controls](#) or Harvard's Quarterly Review Processes [contact your finance office for details]). Note that the approver of a transaction may or may not be the person who clicks the "approve" button in Harvard's financial system; some tubs or units may have approvers who review and sign off on transactions on paper. An approval carries the same importance whether it is on paper or electronic.
 - B. Due diligence: approvers must perform due diligence if there are questions or concerns about the expenditure; if the approver has questions or concerns regarding the expense, it is the approver's responsibility to seek help from an appropriate resource until the questions are resolved. While Travel, Reimbursements and Card Services may audit samples of transactions,

this audit is not a substitute for an approver's due diligence. The Responsibilities by Role Template (see [Appendix A](#)) is a guideline for the various elements of a transaction that should be reviewed as part of a transaction's approval process.

- C. Multiple approvers: in some cases, there may be more than one approver in an approval hierarchy. For example, a department administrator might approve an expenditure that must be subsequently approved by a sponsored or gift administrator, and then finally approved by the tub finance office. Tubs must ensure approvers understand which elements of a transaction they are responsible for approving. Approving any part of a transaction is a significant responsibility; every individual in an approval chain is accountable for the elements of the transaction that he or she approves. Approvers must also be knowledgeable about applicable local and University policies and external requirements/regulations where relevant (i.e., federal guidelines for sponsored projects, etc.).
- D. Reimbursee responsibility: note that when a reimbursee signs an employee/non-employee reimbursement form (or coversheet), the reimbursee is certifying that the expenses are accurate and valid University business expenses.
- E. Responsibilities by role: in addition to validating the underlying expense, an authorized approver should validate the key elements of every transaction, for example, that there are funds for the purchase and that the coding used is correct. See [Appendix A: Responsibilities by Role Template](#).
- F. Separation of duties: generally, it is not a recommended best practice for individuals to approve transactions where they are also the purchaser or preparer ("self-approval"); or where their direct or indirect supervisor is the purchaser or preparer. In some units, strict separation of duties may be impractical. In these cases, units should work with their tub finance office and/or Risk Management and Audit Services (RMAS) to assess the risks and if necessary, develop an alternative means of review and approval (e.g., approval by tub finance office, tub finance office monitoring of spending, etc.).

IV. Create evidence of the approval. Approvers must document their approval of the expense (for example, by approving the expense in the online payment system, commenting in the online payment system, signing paper forms, or via a statement written in an email which could be included in the submitted documentation). It is best practice for approvers to write brief comments to thoroughly substantiate their review and approval. For example, after reviewing an invoice and receiving goods, an approver might write on an invoice "Reviewed invoice, received goods, OK to pay" and then write their initials and date.

Definitions

Approver: any individual (faculty, staff, etc.) who is authorized to certify that a transaction (or a particular element of a transaction) is correct and appropriate; these certifications may happen online in Harvard's Oracle e-Business suite or on paper.

Business-related: not a personal expense. Some expenses, while ordinary and necessary for an employee's work, are considered personal, living or family expenses and thus cannot be paid or reimbursed as business expenses. Common examples are regular commuting expenses, repetitive

meals, and costs for professional attire. Payment of such personal expenses constitutes taxable income to the recipient. The IRS distinction between business and personal expenses can be complex; see the [Business Expense Reimbursements Policy](#) for more information.

Compensating procedures: a series of analyses that can help an approver gain a reasonable level of assurance that an expense is valid. These analyses should include a periodic review of budget to actual expenditures, a review of activity in certain object codes, looking for unusual spending patterns, and asking questions about nonstandard expenses.

Delegate/Preparer/Requestor: an individual who assembles the information and backup needed for a transaction, keys it into the system and submits it for approval.

Purchaser/Shopper: an individual who spends University funds, both directly (through use of B2P, or PCard) or indirectly (through use of Corporate Card or personal funds to be reimbursed).

Reimbursee: an individual who spends personal funds for a University business expense that must be reimbursed.

Contact/Responsible Office

Financial Policy Office (FPO), within the Office of the Controller, is responsible for maintaining this policy and providing advice and assistance to tubs on the operation of the policy. Contact: 617-384-7487 or financialpolicy@harvard.edu.

Revision History

03/01/2021: Updated to incorporate new systems and system language (Concur/B2P), updated Appendix A.

03/01/2016: Updated title from “Stewardship Responsibility,” added, expanded on, and clarified procedures; added appendix

09/02/1999: First Effective

Related Resources/Appendices

[Appendix A – Responsibilities by Role Template](#)

[Business Expense Reimbursements Policy](#)

[Conflict of Interest or Commitment \(See also Procurement Policy Appendix A: Responsibilities of Purchasers and Conflict of Interest Standards\)](#)

[Faculty Financial Conflict of Interest Policy](#)

[Financial Management of Property, Plant and Equipment \(Capital Assets and Equipment\)](#)

[Fraud Reporting and Awareness Policy](#)

[Internal Controls – Key Controls Procure to Pay](#)

[Procurement Policy](#)

[Purchasing Card Policy](#)

[Restricted Fund Spending Compliance Policy](#)

[Anonymous Reporting Hotline:](#) 1-877-694-2ASK (2275)

[Sponsored Expenditures Guidelines](#)

[Travel Policy](#)

APPENDIX A: RESPONSIBILITIES BY ROLE TEMPLATE

Purchasers¹, preparers² and approvers have related and overlapping responsibilities. Tubs are responsible for communicating responsibilities to their purchasers, preparers, and approvers. The following is a template of minimum required responsibilities by role. **At their discretion, units may place additional responsibilities on any role, Preparers in particular.**

	Responsibilities	Purchasers ¹	Preparers ²	Approvers
1	Purchasers are responsible for ensuring all purchases are Harvard business-related, benefit Harvard, and advance the work of the University	X		
2	There is a documented business purpose description provided that clearly and completely explains the purchase i.e., includes the “who, what, why, where, when”	X	X	X
3	The business purpose is legitimate, i.e., that the expenditure is an appropriate use of Harvard funds			X
4	The purchaser is authorized to spend the funds	X		X
5	The purchase is in compliance with established policies and procedures of the School, Harvard University, and any required external regulations	X		X
6	The transaction complies with University and any applicable external (e.g., grant) conflict of interest policies	X	X	
7	For restricted gift and endowment funds (302000-389999, 430000-699999), the charge is in accordance with the terms of the fund; for all sponsored funds (100000-299999), the charge is within the budget and project period and in accordance with terms of the sponsored fund and with applicable external requirements and regulations	X		X
8	There are sufficient budgeted or other approved funds to cover the expense	X		X
9	The amount of the purchase is reasonable (i.e., an appropriate level of spending for the circumstances)	X		X
10	Completed supporting documentation is provided to the preparer (e.g., an invoice, receipts, an email with written approval of a purchase, etc.) with sufficient time for processing, review, and approval	X		
11	When submitting a reimbursement, the purchaser has documented their approval of these expenses (on paper or online)	X		
12	The correct 33-digit coding, including the proper object code, is used for the expenditure		X	X
13	Perform reasonable due diligence in addressing any questions about the payment		X	X
14	The transaction is prepared and forwarded with any required documentation, to an appropriate approver with sufficient time for review and approval before University deadlines		X	
15	Transactions returned for editing or corrections are corrected and resubmitted in a timely manner.	X	X	
16	The transaction is approved, returned for correction, or rejected in a timely manner			X
17	Each approver has documented the approval/rejection of the expenditure			X
18	When any role performs receiving in B2P: do reasonable due diligence to ensure correct items were received	X	X	X
19	Reply promptly to questions from Accounts Payable or Travel, Reimbursements and Card Services	X	X	X

¹ Purchasers: anyone who commits to or incurs a financial obligation on behalf of Harvard. A purchaser may be a shopper or requestor (B2P), a traveler, etc.

² Preparers: anyone who creates a request for payment in a Harvard financial system. This may include someone who holds the role of requestor or is delegated on behalf of someone else to prepare a payment, etc.